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UNITED STATES DEPARTMENT OF AGRICULTURE Agricultural Adjustment Administration Washington, D.C.

THE AGRICULTURAL ADJUSTMENT ACT IN IOWA



Iowa, as the largest single corn and hog producing State, will receive the second largest total amount of rental and benefit payments for cooperating in adjustment programs of the Agricultural Adjustment Administration. Only Texas has larger amounts accruing through adjustment programs than Iowa. Texas is the largest cotton producing State, as well as an important contributor to production of wheat, corn, and hogs.

According to estimates by the Finance Division of the Adjustment Administration, the 176,000 Iowa producers who have signed corn-hog contracts will have received a total of \$75,745,000 in direct rental and benefit payments at the end of the present program. More than 3,768 wheat producers have signed wheat adjustment contracts, under which they are to receive a total of \$879,000.

The direct benefits, however, are only a part of the money value of the adjustment programs to Iowa farmers. The effect of the nation-wide efforts toward adjusting supplies to effective demand, together with other recovery measures, have had a marked effect upon prices of some agricultural commodities, and in others the supply situation has now been corrected so that producers are able to reap the rewards of their cooperative efforts in the present marketing year.

Corn and Hogs

The \$75,745,000 that Iowa corn and hog producers will receive for participating in the corn-hog adjustment program will be divided as follows: \$30,550,000 for adjusting corn acreage, and \$45,195,000 for adjusting hog numbers. While the payments have been under way in Iowa for only ashort time, they had reached on September 28 a total of \$26,859,627.

Iowa led all other States in the amount of corn stored in farm cribs, under seal, on which loans were made through the Commadity Credit Corporation. Over \$57,000,000 was loaned to Iowa producers under this plan, which enabled them to hold more than 120,000,000 bushels of corn, to reap the benefits of the higher prices that occurred late in the season, and to ameliorate the effects of the feed shortage that occurred this summer.

The corn crop of Iowa is estimated to be more valuable to producers this season than in 1932 or 1933, despite its shrinkage to almost half its former size. Rising prices and benefit payments

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more than compensate, on the whole, for curtailed production.

In 1932, the crop was 509,507,000 bushels, and because of the low prices yielded only \$152,852,000 in farm value. In 1933 it was somewhat smaller, being 439,951,000 bushels, and yielded \$136,385,000 or less farm value than in the previous year.

In 1934, it is estimated the Iowa crop will produce only 261,000,—000 bushels, but due to a market rise in the farm price, on the basis of August 15 prices, it will yield \$174,870,000 in farm value. In addition, producers are now receiving checks for their share of the \$30,550,000 that is being distributed in corn adjustment payments, which will bring the total estimated 1934 value to \$205,420,000. In other words, the 1934 crop, although 42 percent smaller than the 1932 crop, will bring farm value, including benefit payments to cooperating producers, approximately 33-1/3 percent larger than in 1932.

The value of pork production, the criterion of Agricultural well-being in Iowa, has also shown remarkable recovery since the inception of adjustment plans through which burdensome surplus supplies have now been removed from the market.

In 1932, before adjustment of supple to effective demand was attempted, the production of pork in Iowa was 2,931,483,000 pounds, with a farm value of \$93,612,000.

In 1933, production was 2,969,840,000 pounds, with a farm value of \$99,612,000. During 1933, the energency hog buying program was inaugurated, and the Government purchased 615,805. pigs, mostly small stock that would not have reached the market until this summer, paying \$3,570,000. The purchase price represented a premium of about one-third over the prevailing market price at the time.

In 1934, production is tentatively estimated to be 2,385,336,000 pounds, half a billion pounds, or 12 percent less than in 1933. At August 15 prices, this production is estimated to be worth \$105,688,000. In addition to the increases in value that result from higher price levels, producers cooperating in the corn-hog adjustment program in Iowa will receive about \$45,195,000 in rental and benefit payments, making the total value of the 1934 product \$150,883,000. In other words, the 1934 production is placed at 12 percent less than that of 1932, and yet farm value, including benefits, should be 70 percent higher.

Whent

Although wheat is relatively a minor crop in Iowa, four million bushels, the crop of 1933, returned \$3,119,000 in farm value to producers, without considering benefit payments. This may be contrasted with the 1932 crop of approximately the same size which returned producers only \$1,653,000 in farm value. The 1932 crop had a farm price of 38 cents

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per bushel, while the 1933 crop sold for an average farm price of 75 cents per bushel. For cooperating in the wheat adjustment program over 3,000 farmers have received in benefits \$432,000 to be paid upon the 1933 crop, which brings the total farm value of that crop to \$3,551,000. The first part of the parment due on the 1934 crop will be disbursed this fall. This season's crop of about 3,211,000 bushels, on the basis of August 15 prices, will return producers \$3,433,000, including \$447,000 in benefit payments.

In sympathy with the upward trend in prices of basic agricultural commodities, oats, barley, and rye showed marked increases in value. Despite the fact that production of oats dropped from 219 million bushels in 1932, to 134 million bushels in 1933, the total value of the crop increased from \$28,525,000 to \$36,347,000 because of the rise of the farm price from 13 cents per bushel to 27 cents.

The barley crop decreased from 15,100,000 bushels in 1932 to 8,512,000 bushels in 1933, but an increase in the farm price from 23 to 42 cents brought the total farm value up from \$3,473,000 to 33.575,000.

The rye crop, which averages around half a million bushels annually, likewise increased in value from \$154,000 tn 1932 to \$286,000 in 1933.

Vegetables and Fruits

In the 1933 season, it was apparent that growers of certain vegetable crops for canning, notably tomatoes and sweet corn, would not receive equitable prices for their production at contract prices made early in the season when conditions over the country as a whole were decidedly unsettled. The Agricultural Adjustment Administration was successful in bringing about a series of informal agreements with the main canning factories to raise the prices paid for such products by an average of 25 percent above the contract prices. As a result of these agreements, it is estimated that producers in Iowa received \$101,000 in income which they would not have otherwise received.

Fruits and vegetables in Iowa, as a whole, showed marked recovery in value in 1933 as compared with 1932, due to improved demand conditions and moves toward adjusting national supply through marketing agreements that were effective in States primarily important in producing special crops. Apples, for instance, improved in farm price from 72 cents per bushel to 91 cents per bushel, and although the crop of 1933 in Iowa was 400,000 bushels shorter than the 1,827,000 bushel crop in 1932, it brought a farm value of \$1,297,000, as compared with the \$1,315,000 for the previous year's crop.

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The Iowa potato crop of 1933; although 3 million bushels under the 8,140,000 bushel crop in 1932; yielded a farm value of \$5,252,000, while the value of the larger crop was \$3,175,000.

The value of truck crops for market, canning, and manufacture increased from \$1,033,000 in 1932 to \$1,603,000 in 1933.

Other Production

The gross income from milk production in Iowa rose from \$50,545,000 in 1932 to \$52,905,000 in 1933. Cattle and calves decreased in production of gross income from 59 million dollars to 54 million dollars. Income from sheep and lambs likewise decreased from \$3,345,000 in 1932 to \$2,598,000. Wool production returned \$695,000 in 1932, while the same amount of production, seven million pounds, returned gross income of \$1,630,000 in 1933. Income from poultry slumped from 17 millions in 1932 to 15 millions in 1933, while the income from eggs was 21 million dollars in 1932 and 20 million dollars in 1933.

Milk Licenses

Federal milk licenses are in effect at Des Moines, Sioux City and Davenport-Rock Island. The former Des Moines price was 3 cents per quart on Class I milk to farmers, while the license at present establishes a price of 4.3 cents, 43 percent more than the price in May, 1933. Sioux City producers received 3 cents per quart on this class of milk in May, 1933, and were given a 3.3 cents price under the license, a gain of 10 percent. Davenport area producers for the Quad Cities gained a remarkable percentage over May, 1933, as their present license price is 3.9 cents per quart on the basis of Class 1 milk, as compared with only 1.9 cents per quart received in May, 1933, before the license went into effect.